



Taxation savings and planning depends

on current legislation. This article was written Dec 8, 2015 – the day after the new Liberal government presented their Legislative Proposals in The Speech from the Throne on December 7, 2015 to enact some of their election promises. So it is almost impossible to give the reader accurate tax tips, savings, dates and rates for personal T1-2015 and corporate T2- 2016 Canadian tax returns at this time. We do not know when the 2016-2017 budget will be passed.

The Canadian federal budget for fiscal year 2015–2016 was presented to the Canadian House of Commons by Conservative Joe Oliver on April 21, 2015. The budget was supposed to be presented in February or March before the new fiscal year began on April 1, but was delayed because of the steep drop in oil prices in the winter of 2014–15.

From the Department of Finance, Dec 7, 2015: Government of Canada Announces Tax Cut to Strengthen the Middle Class <http://www.fin.gc.ca/n15/15-086-eng.asp>

The Government of Canada took an important step today to strengthen the middle class by proposing a tax cut that will benefit about 9 million Canadians each year.

Finance Minister Bill Morneau tabled in the House of Commons a Notice of Ways and Means Motion to reduce the 22-per-cent personal income tax rate to 20.5 per cent. Single individuals who benefit will see an average tax reduction of \$330 every year, and couples who benefit will see an average tax reduction of \$540 every year.

To help pay for this middle class tax cut, the Government is asking the wealthiest one per cent of Canadians

to contribute a little more. The motion therefore includes provisions to create a new top personal income tax rate of 33 per cent for individual taxable incomes in excess of \$200,000. The motion also contains provisions to return the Tax-Free Savings Account annual contribution limit to \$5,500 from \$10,000.

All of today's proposed tax changes would take effect on January 1, 2016 and for subsequent taxation years.

Going forward, the Government will introduce proposals in the budget to create a new Canada Child Benefit—one simpler, tax-free, and more generous benefit targeted to families who need it most. Payments under the new Canada Child Benefit would begin in July 2016. The Government also intends to introduce legislative amendments, at an early opportunity, to repeal income splitting for families with children (not pension income splitting) for the 2016 and subsequent taxation years.

But on December 1, The Ottawa Citizen wrote the excerpt below about millionaire Trudeau's hypocrisy concerning on one hand cutting The Universal Child Care Benefit from well-to-do taxpayers, but on the other hand using their taxes to pay for his two full time nannies! <http://ottawacitizen.com/news/national/trudeau-hires-his-childrens-former-nannies-to-work-in-official-residence>

"The hiring of nannies on the public dime is at odds with Trudeau's claim, made repeatedly during the election campaign, that wealthy families like his don't need the Enhanced Universal Child Care Benefit introduced by the previous Conservative government. It pays all families \$160 per month for children under six and \$60 monthly for each child aged six to 16.

"The Liberals plan to introduce a modified child-care benefit that claws back payments to wealthier families but increases the amount of ben-

efit to those with lower incomes and makes it tax-free.

"The Liberals rejected the proposal made by NDP Leader Tom Mulcair to introduce a national \$15-per-day daycare plan.

"Trudeau earns \$334,800 annually as prime minister and lives rent-free at Rideau Cottage on the Governor General's estate, while 24 Sussex undergoes renovations.

"Under the current benefits system, the Trudeaus will receive \$3,360 annually, money he says he will give to charity."

The Liberal government is still planning to cut federal income taxes for middle earners by raising the rate on the richest Canadians. But Finance Minister Bill Morneau admitted that these new tax provisions will have an annual net drain on the federal treasury of about \$1.2 billion in each of the next five years which in my humble opinion will de-stabilize our economy. Justin Trudeau's "Minister of Finance Mandate Letter" can be read in full at <http://pm.gc.ca/eng/minister-finance-mandate-letter>.

Rona Ambrose, interim Conservative Leader, stated after the Speech from the Throne on Dec 7 <http://www.cbc.ca/news/politics/conservative-ambrose-liberal-throne-speech-1.3353771> that it **had no Economic Plan and that there was a lack of transparent costing and implementation strategy which means there would be a download of huge fiscal burden to all the provinces and territories.**

Comparison of Federal Tax Bracket Thresholds for 2016 versus 2015 were posted by CRA today – Dec 7, 2015: http://www.cra-arc.gc.ca/nwsrm/fctshs/2015/m12/fs151208-eng.html?utm_source=mediaroom&utm_medium=eml

- 2015 Taxable income above \$44,701 = 22% tax. In 2016,

above \$45,282 = 20.5% tax.

- 2015 Taxable income above \$89,401 = 26% tax. In 2016 above \$90,563 = 26% tax.
- 2015 Taxable income above \$138,586 = 29% tax. In 2016 above \$140,388 = 29% tax.
- New tax bracket in 2016: Taxable income over \$200,000 will be taxed at 33%.

Dec 7, 2015 - Proposals Included in the Notice of Ways and Means motion:

1. Reduce the middle income tax bracket rate from 22% to 20.5% effective January 1, 2016 (Taxable income ranging from \$44,702 and \$89,401)
2. Create a new income tax bracket of 33% for taxable income over \$200,000 per year effective January 1, 2016
3. Cancel Harper's Family Tax Cut for 2014 and 2015 was not "split income" like with seniors but was "split adjusted income" on Schedule 1 in Non Refundable Tax Credit section. It was a "Notional transfer of income". Eligible couples with children under the age of 18 are able to transfer up to \$50,000 of the higher income spouse's earnings to a lower income spouse—resulting in a maximum annual non-refundable tax credit of \$2,000 per family. Most middle class families did not get a benefit from it anyway. It the changing of the Universal Child Care Benefit that concerns me. The December 7th news release indicated that the 2016 budget would include proposals to create a new Canada Child Benefit, with payments under the new benefit to begin in July 2016.
4. No change to pension splitting for seniors at this time
5. Federal tax brackets in Section 117(2) of the Income Tax Act (ITA) will be replaced with all 2016 tax brackets: \$45,282, \$90,563, \$140,388 and \$200,000.
6. Amend the donation tax credit rate for donations over \$200 so

